FEBRUARY 1958

MONTHLY REVIEW

N INDEPENDENT SOCIALIST MAGAZINE

VOL. 9
10

SLUMP AND COLD WAR

THE EDITORS

Socialism in Europe
PAUL M. SWEEZY

ITORS . . . LEO HUBERMAN . . . PAUL M. SWEEZY

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

CONTENTS | VOLUME NINE NUMBER TEN FEBRUARY 1958

REVIEW OF THE MONTH: Slump and Cold War 321
SOCIALISM IN EUROPE, EAST AND WEST by Paul M. Sweezy 328
SOME IMPRESSIONS OF CHINA'S ECONOMIC PROGRESS
by Solomon Adler 340
WORLD EVENTS by Scott Nearing 346

MONTHLY REVIEW: Published monthly and copyright, 1958, by Monthly Review, Inc.
EDITORIAL AND BUSINESS: 218 West 10th Street, New York 14, New York.
Telephone: ORegon 5-6939.
MAILING ADDRESS: 66 Barrow Street, New York 14, New York.
Address ALL communications to 66 Barrow Street.
SUBSCRIPTION PRICE: One year—$4; two years—$7.
By 1st class mail—United States $6; everywhere else $7.
By air mail—No. America $8; So. America $13; Europe $17; Asia $24.
EDITORS: Leo Huberman and Paul M. Sweezy.

NOTES FROM THE EDITORS

With this issue of MR we are mailing to subscribers two pieces of literature: (1) A catalogue of MR Press publications, and (2) a descriptive brochure about the magazine. The purpose of sending you the catalogue is twofold. First, we would like you to check the complete list of MR Press books and order any titles that may be missing from your own private collection. Second, we would like you to take the catalogue to your local university or public library and make a personal request to the order department that all MR Press books should be on the library's shelves. We know from numerous direct experiences that many libraries will place orders for MR Press books if they are specifically requested to do so, and we count on you to do the requesting. The brochure is for you to show to those friends who, given the right kind and amount of specific information about the magazine, may be persuaded to become subscribers. Please note that we will be glad to provide additional copies of both catalogue and brochure: just drop us a line.

The annual Monthly Review Associates appeal for funds went out in September, and contributions are still coming in. On the whole the response has been good, with results running about $500 ahead of last year. In the last few weeks, however, the gap has begun to narrow, and if the present trend continues total receipts from the 1957-58 drive may fall short of those from the 1956-57 drive. Our experience to date is that approximately one

(*continued on inside back cover*)

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

SLUMP AND COLD WAR

In terms of overall statistics it might seem somewhat exaggerated to speak of the present economic situation as one of slump or even recession. According to the latest available (December) issue of *Economic Indicators,* monthly publication of the President's Council of Economic Advisers, total demand for goods and services, also known as Gross National Product (GNP for short), rose throughout 1956 and the first three quarters of 1957, reaching a peak figure of $439 billion in the third quarter of 1957. The three major components of GNP are personal consumption expenditures, government purchases of goods and services, and gross private investment. Of these, personal consumption rose more sharply than total GNP; while government purchases increased through the second quarter of 1957 and dropped off only slightly in the third quarter. Private investment, the third major component of GNP, reached its maximum in the fourth quarter of 1956 and then fell rather sharply, but even here there was a marked recovery in the second quarter of 1957, which continued into the third quarter. Our friend the Man from Mars, after a quick look at *Economic Indicators'* chart of GNP and its components, would probably be more than puzzled by the gloomy pessimism which seems to pervade large sections of the business and financial community today.

And yet if we probe beneath the surface it appears that there is ample reason for alarm. More up-to-date statistical series, though not yet available for GNP and its major components, indicate that the fourth quarter will show a definite downturn. Most important in this connection is a marked decline of employment and average weekly hours in both October and November. In and of itself, of course, this is nothing to dismay the business community—which indeed has long been complaining of "overfull" employment and a consequent erosion of labor discipline—but it unfortunately reflects production cutbacks and has the disagreeable consequence of reduced purchasing power and what *The Wall Street Journal* delicately refers to as "consumer hesitancy."

Even more ominous are the signs pointing toward things to come. The latest survey of business investment plans, undertaken jointly by the Department of Commerce and the Securities and Exchange Commission, indicates a drop in the first quarter of 1958 after ten straight quarters of advance, and not even the most op-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

timistic commentators expect an early resumption of the advance.

Inventory accumulation, which was an important expansionary force in 1955 and 1956, slowed down to a walk in 1957 and by now has probably ceased altogether and may even have turned into inventory liquidation. That this will be a strong depressive force in the months to come is a widespread opinion. "Inventories," says *Business Week* (December 28), "look fully as troublesome now as they did when we were going into the 1954 recession." It is only necessary to add that many economists have called both 1949 and 1954 "inventory recessions."

Exports, after reaching a new all-time high early in 1957 as a result of the closing of the Suez Canal, have been tapering off for months now and seem certain to go lower as foreign countries, many of them suffering their own economic woes, put up more and more barriers to dollar goods.

For a long time, the optimists tried to convince themselves that declines in investment, inventory liquidation, and lower exports could and would be offset by a continuing rise of consumption. But it doesn't seem to be working out that way—and indeed there was never any very good reason to suppose that it would. "Economists have been hoping that consumers might make up any loss to the economy from lower business spending," writes *Business Week* (December 28), and then ruefully adds: "Unfortunately, though, consumers' incomes seem to be shrinking and their cautious attitude, evident for some time, seems to be hardening." In plainer English, many workers are worried about their jobs and are sore about continuing price hikes, and they may be getting into a mood for something like a buyers' strike. Consumption, in short, has ceased to be looked to for salvation and instead is now regarded as a potential source of additional trouble.

But even yet we have not touched upon all the weaknesses in the present economic situation. There is a further factor, related to trends already discussed but requiring separate emphasis, which might conceivably come to dominate the whole picture in a relatively short time. We refer to excess productive capacity *which is already all but universal and which will automatically increase with every decline in production.* The long investment boom of the postwar period, and especially the intense activity of the past three years, had already expanded productive capacity way beyond that required even by the $439 billion level of GNP which was attained last summer. To quote *Fortune* (January 1958, p. 30), which, incidentally, sees the present situation through rose-colored glasses: "Industry today has more unused capacity than it had in 1949 or 1954, and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

it operated at less than its 'preferred' rates during most of last year." There are two reasons why this problem tends to get worse in a period like the present: On the one hand, investment, though below its peak level and declining, is still absolutely high and adding to capacity all the time. On the other hand, every fall in demand throws existing capacity out of production. The steel industry, while an extreme example, illustrates the process perfectly. During 1957, the industry added 7 million tons of capacity to raise the total to approximately 140 million per annum. Thus even if production, which totalled 112.5 million tons for the year, had held steady throughout the year there would have been a gradual increase of unused capacity from 15 percent at the beginning to nearly 20 percent at the end. Actually, demand for steel was high during the early months of the year and fell off rapidly towards the end so that the industry was suddenly plunged from near-capacity production to a state in which almost 40 percent of the nation's steelmaking capacity lay idle.

This situation, of course, is not peculiar to the steel industry but arises from certain general characteristics of an expanding capitalist economy. In such an economy, the demand for means of production both makes up part of the total demand for goods and services and at the same time ensures an expansion of society's productive capacity: the larger this component, the slower the rate of growth of final (consumer and government) demand and the more rapid the buildup of productive capacity. Now there is obviously a "correct" size for the demand for additional means of production, in the sense that if it were realized in practice the system would move forward in a balanced state of equilibrium. But under capitalism this "correct" size is never attained except accidentally and temporarily. In general, the tendency is for there to be *too much* demand for additional means of production, owing to the prevailing distribution of income and the lack of rational planning. And what this means is that every period of high total demand—that is, prosperity—tends to build up excess capacity. Beyond a certain point, excess capacity in turn puts a danger on the demand for additional means of production, and a decline in this component tends to be translated into a shrinkage of total demand. Whereupon the problem of excess capacity becomes suddenly magnified.

The danger in this situation is obvious. What at one moment looks like a sensible investment program, based on a seemingly rational balancing of current demand and estimated future requirements, can overnight take on the aspect of the wildly inflated product of a fevered imagination. Under these circumstances, a wholesale slashing of investment budgets may set in such as would be

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

quite capable, unless quickly counteracted, of putting the whole economy into a tailspin.

It seems reasonable to suppose that the American economy has now reached a point where something of this kind is a very real possibility. Clearly, the survey of investment plans made by the Department of Commerce and the SEC last October and November can no longer be regarded as reliable. That survey indicated a 5 percent decline in outlays on plant and equipment in the first quarter of 1958, and the optimistic forecasters are using this as evidence that the recession will be mild. But our analysis shows—and the whole history of capitalism bears it out—that a small initial decline in investment can easily touch off a much bigger decline which in turn can have, via the so-called multiplier effect, depressive effects throughout the whole economy.

We conclude that as of the time of writing (early January) the American economy is in an exceedingly precarious condition, with the chances of an old-fashioned depression greater than at any time since World War II.

In our judgment, however, it would be illegitimate to conclude from this that a severe depression is inevitable. The foregoing analysis deals with a number of the crucial variables of the system but not with all of them. In particular, it omits any reference to government policies, which are certain to have some influence on what happens and may have a decisive influence.

In principle, of course, governments can as well intensify as ameliorate depressions, but no one seriously doubts at this day and age that some attempt at least will be made to counteract the depressive influences emanating from the private sector of the economy. The big question is whether the present American government in the present national and international situation can and will undertake genuinely effective counteracting measures.

On this question there are two schools of thought, and in our judgment the outlook for the near future depends on which is right.

On the one hand there are those who maintain that the government cannot (or will not) take effective action in time to prevent a serious depression. What can be accomplished by administrative action, according to this school of thought, is strictly limited and not likely to be very effective. It can be made easier and cheaper for various classes of borrowers to contract loans, but under present conditions it is doubtful whether there is any large potential demand to be activated in this way. This being the case—so the argument runs—the government will have to rely on taxing and spending policies to achieve significant results. But the initiation of changes in

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

this area requires prior legislation, and even in the best of cases such legislation cannot be passed and acted upon in time to prevent the present slump from getting much worse.

Some adherents of this general view go further and argue that even given time the government is not likely to come up with really effective anti-depression policies. To support this contention, they tend to stress heavily the relatively inexpensive character of the newer military technologies. The main point was well expressed by George Shea in *The Wall Street Journal* of November 11:

> A . . . false assumption is that new missile spending is likely to be large enough to make a real economic difference. Though missiles are astronomically expensive in relation to the tonnage involved, the total number needed is not very great. Between 50 and 100 hydrogen bombs, scientists figure, could be enough to destroy a nation the size of the United States. While these figures are minimums sure to be far exceeded in any actual program, they emphasize the point that the amounts of hardware and employment likely to be involved in such a program are small in comparison with those needed for less advanced weapons. . . . The fact is that unless we get into war the Federal budget is not likely to make a very big difference in the economic outlook for 1958.

The other school of thought, which maintains that the government can, and can be expected to, intervene effectively against the depressive forces emanating from the private sector, argues somewhat as follows: (1) Demand for housing has actually increased a bit during the past year, and there is reason to believe that lower interest rates and easier mortgage terms would be effective in stimulating it further. Along the same line, much of recent investment activity has been aimed, not at adding to existing capacity, but at cutting costs or producing entirely new goods and services, and investment activity of *this* type is likely both to continue in the face of a general downturn and to be stimulated by more favorable credit conditions. If these contentions are sound, it would follow that administrative measures may be able to produce significant results in a short time. (2) It does take time to initiate changes in fiscal policies, but if unemployment goes on increasing at the present rate of several hundred thousand a month, Congress will react quickly and it will soon become clear that some combination of tax reduction and spending increase is on the way. This will restore the confidence of businessmen and mitigate the slump pending the actual launching of the new policies. The way it may be expected to work is suggested in an AP dispatch in the *Boston Herald* of January 4th, which states, under the headline "Sharp Rise in Stocks Continues,"

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

that "financial quarters now look to Washington for pump priming measures to cure the business recession, a big boost in defense spending, and easier credit for home buying."

This is the general character of the argument which holds that there are no inherent reasons why the government cannot act quickly enough to be effective. As to the longer-run argument that the new military techniques are relatively cheap and therefore no big increases in government spending can be expected anyway, the second school of thought holds that this is really a *non sequitur,* that what is now being talked about in influential ruling-class circles goes far beyond a mere increase in spending on missiles and amounts in effect to a huge expansion of all kinds of cold-war outlays. Documentation of this contention is so abundant that one is hard put to choose the most appropriate quotation. Perhaps the following from the editorial in the December 28th issue of *Business Week* will serve as well as any:

> Under a policy of positive containment [such as *Business Week* advocates], the U. S. would do such things as push our missile buildup to the physical limit of our industry, while strengthening our strategic air force for the interim; try to develop an anti-missile missile; launch a nationwide fallout shelter program; add to the forces that might be needed to fight local wars; and substantially step up economic and military aid to our allies and to some neutrals. With such a policy, the total budgetary increase might reach $10-billion or more a year.

This seems clear enough, and one need only ask whether the administration and Congress are likely to get together behind some such program. To judge by past experience (and what else is there to judge by?), the answer would seem to be that the likelihood is strong and that the deeper we sink into depression, the stronger it becomes.

If you have been reading between the lines, you are probably aware by now that we see merit in the arguments of both schools of thought and find it difficult to commit ourselves to the view of either. Perhaps some sort of middle ground is the safest. It may well be that the depressive forces have by now gained so much momentum that they will continue to operate, and the general situation will correspondingly deteriorate, for quite some time to come. To be more concrete, we would venture the guess that unemployment will increase to 7 or 8 million before a turning point is reached (this would correspond to a decline in GNP of something like 12 percent). On the other hand, it seems probable that depression will be a hot political issue by the time this issue of MR is in print and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

that the two political parties will be vying with each other in offering guaranteed remedies. We do not discount entirely the efficacy of short-term measures like easier mortgage terms and lower interest rates, and think that even more is to be expected, though again for a limited time, from tax reductions. But we see no reason to assume that the ultimate resort of American capitalism in trouble will be different from what it has been throughout the postwar period, namely, a massive increase in military and related cold-war expenditures. It probably won't come soon enough to prevent this from being the worst slump since the 1930s, but when the remedy is finally applied it should prove as effective as in the past.

All of which will doubtless and in due course be solemnly presented to us by pundits and scholars alike as a brilliant vindication of the private enterprise system. Marx (and all other prophets of doom) will once again have been proven wrong. No more panics or crashes, just an occasional rolling readjustment or salutary mild recession. The bad old days are gone forever; we live in a new era of endless progress and boundless felicity. And so on.

The reality, unfortunately, is less rosy. By "solving" its problems in this way, capitalism not only shows itself before the world as a hopelessly irrational system. It also, and as a matter of more immediate practical importance, hastens its own defeat in the inexorable competition with socialism which is now under way.

This is not the occasion to dwell on the problem of capitalist irrationality, but we cannot neglect the opportunity to point up the great lesson of the present situation. Basically, the slump results from the institutionalized greed of the free enterprisers themselves. They insist—and as individuals they cannot do otherwise—on making more profit than they can possibly dispose of in accordance with their own warped standards of what is right and good. It never occurs to them to solve the problem by collectively taking less and allowing the mass of the people to consume more. They have therefore to devise new and more effective ways of collectively wasting the surplus product which *must* be produced if the system is to avoid the morass of stagnation and chronic depression. And when it comes right down to it the only form of waste which they find acceptable is the suicidal one of stepped-up preparations for a war of atomic annihilation. A self-defeating solution to a self-imposed problem. Are there further limits to which irrationality can go?

But irrationality as such is not the main danger to capitalism: after all, irrational social systems have survived for many centuries so long as there were no obvious alternatives and they provided some sort of livelihood to those living under them. The real danger comes

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

from the existence and competition of a *more rational* social order, one that is well provided with standards for using whatever surplus can be produced. This rival social order is not threatened by depression and sees war preparations not as a means to survival but for what they are, sheer suicidal waste.

We live in a world which is choosing up sides, and for better or worse there are only two to choose from. It is an open question whether capitalism's slump or capitalism's remedy is calculated to drive more people into the socialist camp.

(January 9, 1958)

SOCIALISM IN EUROPE, EAST AND WEST

BY PAUL M. SWEEZY

During November and December I visited six European countries—three in Eastern Europe (the Soviet Union, Poland, and Yugoslavia) and three in Western Europe (Italy, France, and Britain). Throughout the trip, one question was uppermost in my mind: What are the prospects for socialism? And it is to this question that I would like to address myself tonight.

You will, I am sure, believe me when I say that I am not so naive as to think that a question like this can be answered, or even fruitfully discussed, on the basis of information and impressions gained in a seven-week tour. Obviously what I have to say is based much more on twenty-five years of study and thought. But all the same a trip, even a brief one, is useful. It enables one to check preconceptions by direct observation and to discard those that are manifestly wrong; it gives one the opportunity to put questions to a great variety of people whose knowledge and opinions are worthy of respect; above all, it acts as a catalyst of ideas, causing previously disparate bits and pieces to fall into some sort of coherent pattern.

I should like to talk about Eastern Europe first, and let me begin by emphasizing a point that I am sure you are all aware of but which you may nevertheless sometimes tend to forget. Two of the most striking characteristics of the socialist world are variety and change. Poland is very different from the Soviet Union, and Yugo-

This is the text of a talk at a meeting held under the auspices of Monthly Review Associates in New York on January 15, 1958.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

slavia from Poland. And all three are changing, though at different rates and in different ways. This does not mean that no generalizations are possible, but it does mean that they are all somewhat suspect (my own included of course) and that many of them will soon be out of date. If one wants to react intelligently to what is happening in the socialist world today, the first prerequisites are skepticism about received dogmas and a willingness to be surprised.

I came away from the Soviet Union more convinced than ever that economically the country is over the hump and that from now on she will be traveling downhill and picking up speed along the way. The system of public ownership and centralized planning works, and it is being improved all the time. The new program of decentralizing the administration of industry, and more recently of agriculture, is obviously an important step forward. There is still an imbalance between the development of industry and agriculture, but I don't think it will last much longer. What the Soviet countryside needs above all is capital, and it will soon be getting it in altogether unprecedented amounts—not only tractors and combines but buildings and fertilizers and all the other prerequisites of a genuinely capital-intensive agriculture. At the present time, the problem is complicated not only by urgent needs for capital in other directions but also by a manpower surplus on the farms which inhibits new investment projects that would tend to reduce employment still further. Lots of people need to be moved off the land; but for this there must be some place to move them to, and the cities are terribly overcrowded. The biggest obstacle to the rapid development of Soviet agriculture, one expert told me, obviously relishing the paradox, is the urban housing shortage. But these are all problems that not only can be solved but already are being solved: unless I have completely misread the situation, progress will be fast from here on.

I hasten to add that I am not arguing or implying that the Soviet Union is on the verge of solving *all* its economic problems. On the contrary, the very solution of some problems creates others in an endless chain. Agriculture provides an excellent example. It is very doubtful—to my mind at least—that the *kolkhoz* or collective farm in its present form can be adapted to serve the requirements of a genuinely modern, technologically advanced agriculture. New and higher forms of socialist organizations are going to be necessary, and their creation is one of the great challenges of the period ahead. But this in no way affects the main point I am concerned to make: in terms of economic achievement and promise, the Soviet system is perhaps history's greatest success story.

The same, unfortunately, cannot be said of the Polish and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Yugoslav systems. I have written about the Polish economic situation in the January issue of MR and propose to comment on Yugoslavia in a forthcoming issue, so I may perhaps be excused from any attempt to analyze these distinctive forms of socialist economy here. I will only say that it seems quite clear to me that they are *not* yet over the hump, and probable that both countries still have a tough uphill climb ahead of them. Each has special difficulties and problems which will not be easily or quickly overcome. Nevertheless, progress should be steady even if slow, and later on when the Soviet Union can afford to provide more aid the rate of advance may speed up considerably.

I now come to a crucially important matter, the relation between socialism and peace. Those of you who are readers of MR know that Leo Huberman and I have long been of the opinion that under socialism there are, outside the military proper, no vested interests in war preparations and no built-in obstacles to the full utilization of society's economic surplus for peaceful purposes. Everything I saw and heard in Eastern Europe fully confirms this view. There is, of course, no privately owned munitions industry to profit from military orders, and practically everyone now employed in making armaments (there may be a few exceptions but they are certainly of no general importance) knows that he or she personally would be at least as well off providing civilian goods and services and that society as a whole would be much better off. Further, from the point of view of those planning and directing the socialist economy, it is perfectly obvious that military production wastes the surplus which could otherwise be devoted to satisfying some of the urgent demands that are being insistently pressed upon them from all directions.

The situation is diametrically opposite under capitalism. Here in the United States and in other capitalist countries a huge private munitions industry does exist, and it is nonsense to pretend that it plays no part in shaping national policy. Moreover, the history of the last 25 years shows that it is only war preparations, war itself, or the aftermath of war that can sustain a satisfactory level of production and employment. Finally, since no one in capitalist society has the job of planning the utilization of the economic surplus, it follows that there is no influential group or element on which pressures for its more rational utilization can be focused in such a way as to become a live social force.

All this is brought home to one with telling force in Eastern Europe. It is not that Russians, Poles, and Yugoslavs want peace. Of course they do, but so do Americans. The real thing is that the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

vital *interests* of the ruling groups in the Soviet Union, Poland, and Yugoslavia, unlike the vital interests of the ruling groups in the United States, are identified with the reduction and ultimate elimination of war preparations. I went to Eastern Europe believing this to be so, and I did my best to uncover evidence that might indicate that I was wrong. I found none, and I challenge anyone holding a different view to produce such evidence.

If I am right about this, as I am absolutely convinced I am, I think it follows that the case for socialism in the age of atomic weapons is overwhelmingly proved. I want to make this point with all possible emphasis. Some of the things that I am going to say in a few minutes will sound highly critical to you and you may be inclined to interpret them to mean that I am wavering in my belief in and support for socialism. Please do not make that mistake. The life-and-death issue of our time is peace or war, and on this issue socialism is on the side of life. Many things seem more complicated to me than they used to, but at least one seems simpler. The survival of the human race demands peace, and only socialism can assure it. If there is or could be a better reason for being a socialist I cannot imagine what it is.

There are other positive aspects of socialism as it exists in Eastern Europe today, but I can stop to mention only two of them.

First, there are not the disgraceful extremes of inequality in the socialist world that there are in the capitalist world. I spent an evening in the Moscow apartment of the head of the Soviet Writers Union, visited some of the highest officials of the Polish government in their homes, had dinner at the house of the chief of Tito's official household. They all live very modestly by the standards of, say, a successful American doctor or lawyer. The only signs that I could find of luxury and ostentation such as characterize the way of life of American corporate rich were the town palaces and mansions of the former ruling classes, but they are now used for other purposes and their very existence in the socialist capitals of today is a constant reminder of the vast changes that have taken place. This is not to say that there are no inequalities in Eastern Europe. There are, and they are certainly greater in the Soviet Union and Yugoslavia than they are in Poland. In the Soviet Union, for example, an academician holding several jobs at once may earn twenty or twenty-five or more times as much as an unskilled worker. I see no need or justification for such a spread; more than that, I think it may have dangerous implications for the future of Soviet society. But at the same time I cannot but recognize that it is absurd to compare it to the spread which exists between, say, a

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Texas oilman and even the highest paid worker in one of his oilfields. But I have no desire to argue in terms of statistics. I will only say that as a Westerner visiting the socialist world for the first time, I was continuously aware that the people live poorly by our standards, but also that they are not subjected to the constant affront and humiliation of having to coexist with a class of wealthy parasites and exploiters. And when I flew out of the drabness of the East into the incredible beauty and sunlight of Rome, my feelings of elation and pleasure were vitiated by a sense of shame and disgust at the all too evident signs of arrogant luxury on the one hand and abject poverty on the other.

The second positive aspect of socialism that I would like to mention is the blessed absence of advertising and all that goes with it. One may resent political propaganda, especially if, as is usually the case in the Soviet Union, it is boring and stupid. But at any rate one must recognize that it is connected with meaningful human struggles and purposes. But the business of being constantly lied to, deceived, cajoled, frightened, persuaded, and fawned upon solely for the sake of some one else's profit—this, I insist, is the ultimate in contempt for the dignity and worth of the human personality. It doesn't exist in the socialist world, and I see no reason why it ever should. That this eclipse of commercial advertising and salesmanship has far-reaching, and in my judgment almost wholly favorable, implications for the popular culture of the socialist countries goes without saying. On any overall view, it is one of the decisive advantages of public over private ownership.

To avoid misunderstanding, let me add that I am not referring to the state of the creative arts, which is not good anywhere in Eastern Europe, though the reasons are certainly not everywhere the same. In the Soviet Union I think the main reason is a stupid and stultifying system of political controls. I saw the big exhibition of contemporary painting and sculpture which was organized as part of the celebration of the 40th anniversary of the Revolution, and most of the work (though not all) was as stereotyped and uninteresting as I had been led to expect. I was fortunate to be accompanied by a sensitive and knowledgeable Russian who told me as a simple matter of fact that the exhibition would have been very much more interesting and generally of higher quality if it hadn't been for two speeches which Khrushchev had recently made reasserting tight party control over the arts. To me this was both discouraging and encouraging. Despite the improvements of the four years since Stalin's death, it appears that the dictatorship is still completely unable or unwilling (or both) to treat the Soviet public as adults having the right to make up their own minds what they like and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

what is good for them. On the other hand, the implication that artistic work improves with every relaxation of party controls is heartening. There is plenty of evidence of good craftmanship among Soviet artists, and a subterranean reservoir of creative energy seems ready to be tapped. A Soviet renaissance now appears to await the achievement of genuine cultural freedom, and this in turn can only be one aspect of the general democratization of Soviet life. If and when that comes, I predict that it will do more for the socialist cause throughout the world than a dozen sputniks.

I now come to what struck me as by far the most disturbing feature of life in the socialist countries.

The historic aim of the socialist movement has been to create a new society of human brotherhood and solidarity, a society in which man would no longer be dominated by his own products and from which not only all forms of exploitation but also all forms of alienation—from self as well as from fellow human beings—would be abolished. Socialism, we always thought, would be a truly moral society because it would be a truly human society: from humane practice would develop humane ideals; people would at long last learn to live together in harmony and work together for the common good.

Now, I do not wonder that the Soviet Union, to say nothing of her poorer and smaller neighbors, has not yet created such a society. I am very well aware of the unfavorable historical background and the harsh conditions of the intervening years. But what does disturb me profoundly is that I can find no convincing evidence of trends pointing in the right direction. It is true that exploitation of man by man has been largely eliminated, but new forms of alienation seem to have taken or to be taking the place of the old. The gap between leadership and people is frighteningly wide and gives no signs of narrowing. Younger people tend to be disinterested in or openly cynical about public life except insofar as it may provide them with promising careers. The normal shape of a man's ambition seems to be to get a good income and the things it can buy (most especially an automobile) and to be left in peace to enjoy them. The revolutionary idealism which was shared by so many of the older generation has little meaning for the young people: they are driven to hard work and abstinence by quite another force, the prospect of personal advancement. Not all of this is bad (I for one find the desire for comfort and privacy both natural and laudable in the conditions of Russia today), and it is certainly not as bad as one finds in the United States, or most of the rest of the world for that matter. But I don't see in it any of the makings of the good so-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ciety as socialists have always conceived it. On the contrary, I am afraid the deeper trends lead away from rather than towards traditional socialist ideals. A society of philistines worshiping the bitch goddess success would seem to be a more logical outcome than a society of human brotherhood and solidarity.

In reality, of course, the picture is much more complicated than I have painted it. Great Russians, and perhaps to some extent the smaller nationality groups of the USSR, share an intense pride in the country's achievements (the week after the launching of Sputnik II was a good time to observe this); they feel the Soviet Union's mission as world leader of science and industry. Theirs is, as far as I was able to judge, a healthy form of nationalism which harbors no aggressive designs against others, and it provides them with common goals and aspirations for which they are willing to make great sacrifices. It seems clear, for example, that the government's call for volunteers to cultivate the virgin lands of Kazakhstan met with an immediate and enthusiastic response despite the very great deprivations and hardships involved. And one has a feeling in talking with a vigorous Russian today that one is seeing at first hand the spirit which made the world look upon America as a land of opportunity and promise a hundred years ago.

All of this, and I am sure much more, could be said in qualification of my remarks about the trend of things in the Soviet Union. But somehow I do not think that the qualifications, enormously important though they are, affect the basic conclusion. Even the healthiest form of nationalism has an invidious side to it, as one can all too readily perceive when viewing Russian nationalism from the vantage point of Warsaw or Belgrade. And the pioneering spirit, admirable as it may be, must in the nature of the case be ephemeral. If one looks for what I would call *socialist* ideals, a *socialist* ethic, *socialist* motivations in the Soviet Union today, forty years after the world's first socialist revolution, one finds disappointingly little. The trends I repeat, seem to be in another direction.

I frankly do not understand all the reasons for this, still less all its implications. But of one thing I feel reasonably sure, that if the Soviet Union is to become not only the world's leading scientific and industrial power, as I have no doubt it will, but also a socialist society in the full sense of the term, it must democratize itself. The alienation between leadership and people is a terrible thing; as long as it exists it will block the development of meliorative trends which might otherwise operate and eventually transform the situation for the better. A society in which "they" run the show and "we" make the best we can of it will never achieve the goals of human brotherhood and solidarity. A society which muzzles its artists and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

writers stills the voice of its conscience and can never learn its own true values and aspirations. A society which refuses to treat its members as adult human beings will never realize the potentials of adult humanity.

It goes without saying that the democratization of the Soviet Union will have to be the work of the Soviet people themselves. It will come, if at all, not as a gift from above but as the result of struggle from below. I for one believe that such a struggle will be undertaken, that it will be protracted and in the main nonviolent, and that it can succeed. And I want there to be no misunderstanding about which side I am on. Despite all disappointments—and there have been more than enough of them in the last 25 years—I have not given up hope that I shall live to see a good society in the making. I do not know that a democratized Soviet Union will fit the description, but as of now at any rate it seems to me to be the world's best chance.

Let me turn now much more briefly, for time is running short, to the prospects for socialism in Western Europe. I am afraid that I cannot give you an encouraging report.

The Italian Left, which in the past has been the subject of more than a little uncritical admiration, is plainly in a crisis from which there seems to be no early prospect of escape. Both the Communist and the (Nenni) Socialist Parties have lost upwards of 15 percent of their membership in recent years, and the General Confederation of Labor, which both parties support, has lost even more heavily. But the crisis goes deeper than mere numbers, it is an intellectual and moral crisis as well. The apparent monolithic unity of the Communist Party was shattered by the Khrushchev report and the Hungarian tragedy, and all attempts to reunite it around a new program and in a new spirit have failed. The leadership of Togliatti is widely discredited both inside and outside the ranks, but no alternative is in sight. Many intellectuals have left the Party, and those who remain are dissatisfied, divided, and impotent. The situation is, if anything, even worse in the Socialist Party. It is riven with factional squabbles and desperately short of funds; in many areas the cadres at the local level are tending towards the right-wing Social Democrats; Nenni is an old-fashioned practical politician with no interest in or talent for theoretical matters; and since the untimely death of Morandi there is no upcoming leadership of any stature.

I do not mean to suggest that one can write off the Italian Left as finished. It retains its mass base and will probably come

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

close to holding its own in next spring's general elections: in a country with Italy's traditions, where the alternative is clerical reaction, the Left is bound to remain a powerful mass movement so long as democratic institutions survive. Moreover there can be little doubt that in certain circumstances of national or international crisis the Italian Left would regain its dynamism and resume the forward march which, despite all setbacks and interruptions, has characterized its history since the first beginnings of the modern movement in the late 19th century. This may be taken to mean, and indeed I think it does mean, that in the long run, since national and international crises are inevitable, the prospects for socialism in Italy are far from hopeless. But this should not blind us to the fact that, for the present at any rate, the Italian Left is in a state of profound stagnation from which it shows no signs of being able to emerge through its own inner efforts.

The French Left is in worse condition than the Italian. No Socialist Party in the world has betrayed the cause of socialism so shamefully as the French, and were it not for the fact that it still retains vestiges of its working-class and trade-union support it would be quite appropriate to classify it as a party of the Right. To be sure, there are still elements within the Socialist Party which oppose the leadership of Mollet and his type, and work, however ineffectively, for a change in policy, but no knowledgeable observer concedes them the slightest chance of success. Given these circumstances, the Communist Party is, and for the visible future seems likely to remain, the only coherent force on the French Left. One can go further and say that for all practical purposes it is *the* political party of the French working class. Unfortunately, however, this does not mean that the Communist Party is in any position to play a positive role in the national life of the country. The development of capitalism was arrested in France long before the workers became anything like a majority class, and the 25 percent of the national vote which the Communist Party has obtained in recent elections seems to be about the outside limit of its potential support. Isolated from the majority of the French nation by circumstances beyond its control, the Communist Party has suffered further blows which have rendered it largely passive and impotent. For one thing, it failed even more completely than its Italian counterpart to react creatively to the disintegration of Stalinism: the old leadership with its burden of outworn habits and dogmas remains as firmly in the saddle as it was in the days of the Popular Front and the wartime Resistance. And finally, by a cruel trick of fate, the French Communist Party has been crippled by the very crisis which cries out for its effective leadership. I refer, of course, to the Algerian war which is under-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

mining the strength of the French economy and sapping the very roots of French democracy. To their credit the Communists, alone among the major political parties, have consistently opposed the war, but in this they have never had more than half-hearted support from the French working class. The reason for this strange situation is to be found in the large number of Algerian workers in France. Living at a much lower standard, culturally primitive, and racially different, the Algerians have inevitably come into conflict with the French workers. The sad result has been that every attempt by the Communist Party to mobilize working-class support for an antiwar campaign has fallen flat.

I see little hope of a real comeback by the French Left in the near future. The clear and present danger in France is fascism. The prospects for socialism just now are dim indeed.

We come finally to Britain where a weak Tory government is visibly disintegrating and the Labor Party is already beginning to taste the sweet fruits of political victory. I am not one to denigrate the desirability or importance of Labor's return to power. It is easy enough to make an impressive list of the earlier Labor government's sins of commission and omission, but it should not be forgotten that there is also much on the credit side of the ledger. The Welfare State is a Labor achievement which, for all its defects, has meant for millions of human beings the difference between hopeless poverty and a minimum standard of security and comfort. It was a Labor government that withdrew British forces from India at a time when Winston Churchill, had he been Prime Minister, would probably have involved both Britain and India in a war far vaster and more terrible than the insane Indo-Chinese and North African wars of French colonialism. It was Mr. Attlee who flew to Washington and succeeded in restraining a weak President from acceding to the imperious demands of MacArthur for authority to use A-bombs in Korea and China. Does anyone imagine that Mr. MacMillan would have acted similarly? When the Tories unleashed their treacherous attack on Egypt, the Labor Party refused to go along and played an honorable role in bringing the short-lived war to an end.

To be sure, the Labor Party could have done much more for the twin causes of peace and human progress, but let us not on that account refuse our recognition or thanks for what it has done. And let us not make the grievous mistake of assuming that it makes no difference in the period ahead whether a Selwyn Lloyd or an Aneurin Bevan occupies the post of British Foreign Secretary. British Labor is certainly not ready, not yet anyway, to pull out of NATO and insist that Western Europe play its proper role as a buffer and mediator between the two superpowers, but it is prepared, as both

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Bevan and Gaitskell have made clear on many occasions, to take the first steps along a road that must lead in that direction. And in the meantime, it is certain to exercise a moderating influence on the madmen in Washington whose only reaction to their own failures and the successes of socialism is to intensify preparations for blowing up the world.

All of this I believe to be true and very important, but it throws little light on the problem before us, the prospects of socialism in Britain. True, the British Labor Party is nominally a socialist party, and it contains within its ranks literally millions of devoted socialists. But in actual fact neither its program nor its practice is socialist. It is much better that the Labor Party should be in power than the Tories, but a Labor victory will not necessarily be a victory for socialism. The progress of British socialism depends on what happens *within* the Labor Party, on whether Britain's socialists can transform the Labor Party into a genuine rather than a merely nominal socialist party.

On this score there is much to be said, much more than I can hope to say tonight. I will have to limit myself to pointing out that both favorable and unfavorable developments have characterized the last two years and that right now the situation is both confused and confusing. Bevan, wishing to clinch his claim to the Foreign Secretaryship in the next Labor Government, renounced his leadership of the "Bevanite" movement at last fall's Labor Party Congress. The result is that what had been a fairly coherent movement in the left wing of the Labor Party is now leaderless and without political prospects. A comparable process of disintegration has been going on, only for much longer, in the British Communist Party which has in fact played a role in the Labor Party through its influence among intellectuals and in the trade unions. As in Italy and France, the British CP showed itself totally incapable of responding creatively to the crisis of Stalinism. For a CP without a mass base, the blow is likely to prove fatal: in my judgment, the future holds in store the same fate for the British and American Communist Parties, that of small and impotent sects.

All of this means that the most active and militant sections of the British Left are more disorganized than they have been for years. Paradoxical as it may sound, however, I think this may prove a blessing in disguise. The truth is that neither Bevanism nor Communism had found the key to effective socialist education and action in Britain. The one lacked long-range perspectives, the other isolated itself from the labor movement as a whole by its stubborn sectarianism and subservience to the leadership of Moscow. And yet by their very existence, the Bevanite movement and the Communist

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Party prevented British socialists from coming to grips with their real problem, that of transforming the Labor Party into a genuine instrument of socialism.

I do not say that this problem is now on the way to solution. Far from it. But I do think that more British socialists than ever before recognize that this *is* their problem, and this is after all the first step on the long road to a solution. Moreover, I think that among the younger people there is a great deal of useful discussion going on. I would cite as evidence the new magazines *The Universities and Left Review* and *The New Reasoner.* The latter, edited by two young university teachers, E. P. Thompson and John Saville, struck me as particularly good and hopeful. The *New Reasoner* group is very small, but if, as I think quite possible, it is really on the right track, it and other similar movements and ventures may grow and spread their influence more rapidly in the years ahead than one would now dare to predict. If I were a Briton I would be with them, and I would feel quietly optimistic about the future—the long-run future to be sure, but since when has the human race ceased to work and build for a long-run future?

It is on this note that I should like to close tonight. Many of us, I am afraid, used to think of socialism as a panacea for the world's ills. We now know that it isn't. But we weren't wrong to be socialists on that account. Socialism still provides the only guarantee against a war that would destroy the human race, and it offers us a chance of achieving the good society. What more do we want?

Ye, one and all,
in the collective strength
And sovereignty of man—'tis yours to speak
The high command that
—War shall be no more!
William Howitt (1792-1879)

STEADY THERE!

Unemployment will rise to about 5 *million in* 1958, *heaviest in factory centers.*

But young Americans aren't easily scared, they have never experienced a depression. It's logical to expect that the young American public will keep its head.

—Chamber of Commerce Newsletter, January 1958

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

SOME IMPRESSIONS OF CHINA'S ECONOMIC PROGRESS

BY SOLOMON ADLER

II

It is now possible to add further details to the treatment of national income and accumulation in *The Chinese Economy*. The 1957 target for gross total output was 171.6 billion yuan and for national income 93.7 billion yuan, or approximately US $70 billion and US $38 billion respectively at the official exchange rate. Both these targets appear to have been exceeded. Parenthetically I may observe that an on-the-spot study of prices confirmed my earlier conclusion that in China, in contrast with other Communist countries, the official exchange rate greatly *underestimates* the internal purchasing power of the currency.

NATIONAL INCOME AND GROSS TOTAL OUTPUT
(preliminary)

	1953-1957 (Total)	1957
(1) National income (billion yuan)	732.6	171.6
(2) Gross total output (billion yuan)	405.1	93.7
(3) Ratio of (1) to (2) (percent)	55.3	54.25
(4) Breakdown of national income (percent)		
Agriculture	50.5	49.2
Industry	24.5	26.9
Transport and commerce	25.0	23.9

The national income statistics are still rough and ready but are being steadily improved. My own private guess is that the shortage of trained statisticians explains the current predilection for gross total output, as gross output is much easier to compile and calculate than value added.

As is to be expected when production is becoming more capital-intensive, the ratio of national income to gross total output is declining (see Table), although there are fluctuations around the trend

This is the concluding part of an article reporting on a two-months trip to mainland China in the summer of 1957. *The author, formerly United States Treasury Attaché in Chungking and Nanking, is the author of* The Chinese Economy (*Monthly Review Press,* 1957) *to which he refers in the text.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

owing to variations in the net value of raw materials consumed. As is also to be expected in an industrializing country, the proportion of national income accounted for by industry is rising. The share of commerce in the national income is relatively large; this is partly a bookkeeping matter, as a considerable portion of the profits on consumer goods is realized in the process of circulation.

The planned ratio of accumulation to national income during the First Five-Year Plan was 21.6 percent, with somewhat under 12 percent of the national income going into budgetary expenditures on capital construction and nearly 10 percent going into working capital and accumulation by cooperatives, joint state and private enterprises, and the like. Around 69 percent of accumulation went into net investment in fixed assets and the remainder into building up working capital.* The breakdown for the financial sources of accumulation is as follows: State enterprises, 79.6 percent; cooperatives, 10 percent; joint state and private enterprises, 3.4 percent; the individual sector, 3.9 percent; and personal savings, 3.1 percent.

When I was in Peking last fall, work was still continuing both on drafting the control figures for the Second Five Year Plan at the central level and on drafting targets at the ministerial, regional, and municipal levels. Early in December, Vice-Premier Li Fu-chun, who is the Chairman of the State Planning Commission, made an important speech announcing some of the tentative targets for 1962. As can be seen from the following table, these targets entail a very big jump from the goals reached in 1957. The industrial targets for

OUTPUT IN 1957 AND TARGETS FOR 1962

	1957 (preliminary)	1962 (target)	Projected Increase (percent)
Electricity (billion kwh)	19.3	44	128
Coal (million tons)	122.4	230	88
Steel (million tons)	5.24	12	124
Cement (million tons)	6.7	12.5	87
Chemical fertilizer (million tons)	0.74	7	846
Grain excluding soya beans (million tons)	185	240.	30
Raw cotton (million tons)	1.64	2.15	31
Hogs (million)	120	220	83

1962 are somewhat higher and the agricultural targets slightly lower

*Fixed assets are net of depreciation charges (see *Eighth National Congress of the Communist Party of China,* Vol. II, Peking, 1956, p. 51, n. 1). In fact depreciation charges are not very high at this stage of economic development, the average depreciation period for machinery being 30 years.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

than those originally advanced in September 1956 at the Eighth National Congress of the Communist Party, a revision which illustrates how boldness and realism are combined in Chinese Communist planning.

The completion of the final draft of the Second Five Year Plan demands a major decision on the rate of accumulation, a decision which had not yet been taken as late as last fall, and the Draft Plan will not be ready until some time in 1958 or 1959. In my talks with officials and economists in Peking, I gathered the impression that opinion was moving in favor of a somewhat lower rate of accumulation than had been projected in September 1956. In any case, it is not likely to fall below 20 percent, which is a very high rate by any objective standards. In evaluating its significance, care must be taken not to confuse it with the ratio of gross investment to gross national product in Western countries, since the Communist definitions of accumulation and national income are narrower than the Western definitions of gross investment and gross national product.

Industrialization and economic progress in agriculture on a scale and at a speed such as are being achieved in China are impossible without a high rate of accumulation. It is absolutely indispensable if "the steep ascent" from backwardness is ever to be completed, let alone accomplished in a reasonable span of time. The ability of a socialist economy to attain, and once attained maintain such a rate while at the same time raising backward living standards is one of the most powerful arguments for socialism in underdeveloped countries. This argument is certainly supported by Chinese experience to date and is indeed reinforced when the latter is compared with the record in other countries.

It must be emphasized that the substantial rise in living standards has accompanied the high rate of accumulation. This rise is unmistakably apparent to the visitor acquainted with China before 1949. Whereas formerly one saw many people in rags and tatters, now the vast majority are at least decently clad. Whereas formerly children with any kind of footwear were exceptional, whether in town or country, they are now increasingly the rule in the former and very frequent in the latter. Whereas formerly urban housing was almost universally wretched, it is now being vastly improved, although it is still woefully inadequate. The new working class apartments going up in all the big cities are obviously highly prized by their occupants, and the City Neighborhood Committees are doing a splendid job in conjunction with the municipal governments in improving existing dwellings.

I lived in Chungking from 1941 to 1946. The first sensory re-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

action to Chungking used to be nasal rather than visual, and one of the first visual reactions was to the large number of children with badly diseased eyes. Now Chungking is a clean city, and walking through the highways, side streets, and alleys I could not find a single child suffering from trachoma.

The rise in the standard of living is reflected in all the measurable social and economic indices. There is no need to enter into the finer points of index number theory or into the tangled theoretical problems of the precise quantification of living standards, since the spectacular fall in the death rate, the enlargement of the peasantry's per capita grain consumption, the rise in per capita wages, the increase of school enrolment, and the establishment of the eight-hour day are all incontrovertible facts.

The death rate in Shanghai was 6.8 per thousand in 1956, a figure which compares quite favorably with that for the largest Western cities, even after allowing for differences in age composition. Wages per head have risen by about two-fifths and the volume of retail sales by about a third since 1952. The number of primary pupils was nearly 66 million in 1957 (preliminary) as against under 30 million in 1950, and the increase in the high school and university populations has been much bigger.

While food is rationed in the village as well as in the town, the ration is adequate and the peasant's per capita grain consumption now averages about 1½ lbs. a day. No less important, this average does *not* conceal the stark disparities and systematic malnutrition, not to mention starvation and famine, characteristic of the past. The rural-urban terms of trade have improved since 1952, the prices paid to the peasantry having risen by 17 percent as against a 4 percent rise in the prices paid by the peasantry. In every village I visited, I dropped into a couple of houses chosen at random; thermos flasks were ubiquitous and bicycles not too uncommon, while in a few cases there were even sewing machines.

The very fact that there is a demand for family planning is itself an indication of the rising standards of living. As is well known, a national campaign for the promotion of family planning is being launched. It had not yet reached full swing last fall because the results of the first local and regional campaigns were still being closely studied and assimilated. So far, greater success has been achieved in urban than in rural areas, and women—peasant as well as working class—have shown greater eagerness than men. Research is also continuing into cheap and simple methods of contraception. The Chinese Communists have proved themselves past masters of the art of mass propaganda—witness their record in the land re-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

form, the socialist transformation of agriculture, and the phenomenal improvements in public health and hygiene. It is reasonable to anticipate that this mastery will stand them in good stead in the comprehensive national campaign for family planning.

Despite a vast increase in educational facilities and in sparetime schooling and study, over 70 percent of the population are still illiterate. Here the progress made by China is smaller than that made by Russia in a comparable period—and for a very simple reason, namely, the absence of an alphabet. The introduction of simplified characters has reduced but very far from eliminated what Owen Lattimore so well calls "the Egyptian obscurity" of the printed language. Lu Hsün, the great Chinese novelist and critic, was undoubtedly right in insisting that industrialization requires an alphabet. But while a romanized alphabet is being tried out and tested, the social and cultural obstacles in the way of a quick transition from ideographs to letters are not to be minimized, and the usual Chinese Communist tactics of advancing slowly at the beginning and with a rush at the end are very much in order.

In conclusion, a few general observations may be pertinent. First, I am inclined to think that the relative advantages of water transport are not fully appreciated, a case in point being the planning of transport between the open-cast iron ore mine at Tayeh and the great iron and steel complex now in the course of construction at Wuhan.

Second, while China is not an egalitarian society, the spread between incomes does not appear to be very wide. In the factories I saw, the highest basic wage for workers was about three times the lowest, with the per capita average falling just about midway between the two. As the most highly paid engineers and managers receive between two or three times as much as the most highly paid workers, there is a spread of between six and nine to one in industry. Needless to say, there is considerable vertical mobility, with skilled workers becoming technicians or engineers and with technicians becoming engineers.

As for the agricultural cooperatives, the national average income per peasant family is around 300 yuan (not including income from the cultivation of individual plots or from individual subsidiary occupations), the lowest being about 200 yuan and the highest around 1,000 yuan. The average income per worker's family has been estimated to be roughly double the peasant average, but the actual gap in purchasing power is not so large because of the higher urban cost of living. The need for keeping the gap within bounds is not only a decisive factor in the adoption and implementation of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the Draft Twelve-Year Program for Agriculture with its emphasis on raising agricultural output and incomes; it must also loom large in setting the rate of accumulation for the next five years.

Third, a Westerner going through Chinese factories cannot help being struck by the absence of a gulf between workers and intellectuals. Similarly and on a wider plane, relations between individuals seem to be refreshingly direct and personal and to be free from the Western disease of alienation. Perhaps these are advantages possessed by a society which was largely feudal and in which capitalism had not taken all-pervasive roots, in its transition to a socialist way of life. None of which is to discount the very real disadvantages, social and cultural as well as economic, of the feudal legacy.

Finally, I wish to repeat that while living standards have risen very sharply since 1949, they are still very low. China still has a long way to go, as is only too clear from the recently announced objective of overtaking Great Britain in the output of the major industrial products by 1972. What is most encouraging is that she is fast approaching the critical stage in industrialization where expansion becomes self-feeding and self-maintaining, and that she has completed the end of the beginning of the steep ascent.

Win a Free Book...

WHO SAID IT? WHEN? WHERE?

Can you identify the quotation below? To the first person who sends in the correct answers we will give a choice of any Monthly Review Press book as a prize.

Here in America we are descended in blood and in spirit from revolutionists and rebels—men and women who dared to dissent from accepted doctrine. Without exhaustive debate, even heated debate, of ideas and programs, free government would weaken and wither. But if we allow ourselves to be persuaded that every individual or party that takes issue with our own convictions is necessarily wicked and treasonable, then, indeed, we are approaching the end of freedom's road.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

WORLD EVENTS

By Scott Nearing

History of a Folly

Through the past forty years the masters of United States policy-making have been gagging on a bitter pill: the emergence of a social pattern which differs in essential respects from that which now exists in the United States. The pill was doubly bitter because these political spokesmen were suffering from an egomania which led them to insist that the American Way of Life was the one and only true pattern which a moral and intelligent human being could follow.

On its face such a proposition is preposterous: first, because there has been (and for a long time probably there will be) more than one path through the mazes, obstacles, difficulties, and contradictions of life; second, because a way which is worth following at one stage of history may lead into a dead-end street at some other stage. Despite these widely accepted axioms concerning the role of men and nations in the historical process, United States leaders, possessed by their egomania, continued to fondle their foolish and dangerous master-race ideas.

In the midst of a stalemated war-of-survival between rival capitalist empires, came the Russian Revolution, with its aim of replacing a competitive, acquisitive social order with one based upon cooperation and the sharing of products according to need. The Russian Revolution had a great impact on thought and action in the imperial centers, and also in the dependent and colonial areas of the planet. Tens of millions of people felt that the day had come for emancipation from exploitation and tyranny. So pervasive and potent was the spirit of revolution that the Versailles conferees, in the late winter of 1918-1919, turned from their assigned task of treaty-making to deal with the immediate threat of world revolution. With their approval, and in part under their direction, the infant Soviet Republic was invaded from west, east, south, and north, while the counter-revolutionary forces in Siberia, the Caucasus, and other parts of the erstwhile Russian Empire were linked with the imperialists in a united effort to crush the Soviet movement.

Soviets in Bavaria and Hungary were quickly destroyed. The Russian Soviets survived, and launched a series of ambitious plans

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

designed to convert European and Asiatic Russia as rapidly as possible into a federation of socialist republics. Of necessity, therefore, the Soviet Union became the testing ground for the building of socialism.

Where invasion had failed to cripple or crush the work of socialist construction in the Soviet Union, there was a possibility that boycott and blacklisting might succeed. So the Western empires (entrenched behind the Cordon Sanitaire which they had constructed out of fragments of the dismembered Austro-Hungarian Empire) boycotted, blacklisted, and waited for the Soviet Union to smother under the waves of propaganda or die for lack of sustenance.

Washington went still further, pretending that there was no such thing as the present-day theory and practice of socialist construction. Laboring under this delusion, Washington spokesmen spent the years 1917-1933 stubbornly refusing diplomatic recognition to the Soviet Union, in the hope that by ignoring a rival social pattern they could destroy it.

During the 1930s the forces of reaction regrouped themselves. Japan invaded Manchuria. Italy attacked Ethiopia. Japan, Italy, and Germany signed the Anti-Comintern Pact. Italy and Germany joined Franco in the war on the Spanish Republic. Encirclement of the Soviet Union was agreed upon at Munich in 1939. Two years later, in June 1941, the Nazis threw the combined forces of European reaction into the invasion and conquest of the Union of Soviet Republics.

The Soviet Union emerged from the frightful blood-bath of 1941-1945 as one of the two top world powers. The United States leadership countered by launching the Cold War in 1946. The next decade witnessed a spectacular explosion of revolutionary fervor in Asia and Africa. The Liberation Armies drove the Chinese Nationalists from the mainland in 1948 and set up the Chinese Peoples Republic in 1949. India, Burma, Indonesia, and Ceylon won their independence of Britain and Holland between 1945-1947. In 1950-1953 the North Koreans and the Chinese fought the South Koreans and the United States to a standstill. In 1954 Indo-China gained its independence from France. Meanwhile Africans were battling their way to independence, despite NATO and the Baghdad Pact. Boycotted and blacklisted at the insistence of Washington, the Chinese Peoples Republic drew closer to the Soviet Union and became the acknowledged model of successful Asian liberation from imperial leading strings, and the recognized builder of socialism on the Asian mainland.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Conflict over Suez, the struggle for Middle East control, and the break between Britain and the United States and France over Sahara oil are complicating factors, which have been intensified by the political weakness in France. Cold war alliances, anti-communist adventures in Asia, Africa, and Latin America, the persistent refusal to recognize the movement of historical forces, and the determined support of reaction and counter-revolution have brought Washington into a position where it must ally itself with the forces of reaction and fight against the forces of progress wherever they appear.

Through four decades the artificers of Western policy have counselled their supporters to fear the new and to hate the builders of a social pattern that will equal and excel the culture pattern of the West. This policy, inaugurated in 1946 and followed for eleven years, has neither crippled the builders of socialism nor seriously hampered them. It has not checked the movement for colonial independence. It has not divided the anti-imperialist forces. Socialist construction is more widely practiced today than at any time since 1946. Movements for colonial independence and self-determination are more widespread. The holy alliance of semi-feudal, imperialist, and fascist elements which inaugurated this policy and is attempting to apply it to the conduct of world affairs, is failing today as its counterpart failed at the end of the Napoleonic Wars. Imperialists are divided and are tearing at each other's throats. The anti-imperialist and pro-socialist movements are stronger today than they have been at any time in their history.

It is folly to describe the movement for a planned, cooperative, peaceful world as a "conspiracy." The advance to a planned, cooperative, peaceful world is one of the decisive steps of human history.

It is folly to describe as "subversive" the efforts of colonial peoples to win independence and to practice self-determination. More than half of the human family was colonial yesterday and will be independent and self-determining tomorrow. The movement of the colonial peoples is not subversion but liberation.

It is folly to assume that the manufacture and distribution of armament will determine the direction of historical forces. Militarism is self-destructive.

It is folly to exclude from the United Nations Organization nations and peoples merely because they differ in ideas or social practices from Washington's present policy makers.

Vital decisions face the people of the United States and of the world. It is high time to cease playing with the worn-out legal fic-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tions upon which the present administration in Washington has based its policies, and prepare to live at peace and in friendship with the world of 1958.

In Search of Responsibility

British opinion seems to be moving, not toward "anti-Americanism," but toward a profound distrust of Washington's leadership. Aneurin Bevan, returning from New York in late November, told a London press conference that the people of the United States are a prey to fear complexes which spring from irresponsible propaganda and which have secured a dangerous hold on United States youth.

On November 9, 1957, the lead editorial of the London *New Statesman & Nation* warned against the hysteria generated in the United States by the launching of Sputnik II. "It would be the extreme of folly to use Russia's lead in inter-continental missiles to start a new 'red scare'. . . . If war was too dangerous to contemplate last week, it is even more suicidal this week. All we get from our statesmen and most of our newspapers is a stereotyped reaction by old men whose minds run into grooves. It is frightening to hear Mr. Dulles and Mr. Macmillan mouthing phrases that were all too familiar and unrealistic 10 years ago. Surely the first thing to understand is that western policy all these years has been based on an assumption of western superiority, and it is now certainly out of date. We have literally no other choice than coexistence or destruction."

It is too early to say whether these warnings from Washington's top ally will influence the dangerous United States drift toward increased war spending as an antidote for recession at home and the outstanding achievements of socialist science and technology abroad. But if the shaky structure of alliances represented by NATO in the Atlantic and SEATO in the Pacific is to stand up to the powerful advances in the socialist segment of the world, the Dulles-Eisenhower foreign policy must be made the subject of sharp scrutiny and revision.

Twenty-One Years Later

We were in the Soviet Union six times from 1925 to 1936. Our seventh visit was in November 1957. Changes, especially since 1936, have been startling.

People are far better clothed, housed, and fed. Children particularly are outstandingly healthy, energetic, up-standing, self-disciplined.

City streets are clean by comparison with those of any other country we have seen. They are well paved, broad, tree-lined, bordered with new buildings or buildings in construction. Highways are

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

developing. Probably half the vehicles on the streets are trucks. There are few foreign cars. Soviet passenger cars are numerous. At the moment demand for passenger cars far exceeds production possibilities.

Building construction, especially of dwelling units, is going on everywhere. In 1936 construction depended largely on scaffolds made of poles and planks lashed in position by ropes. Today on practically every building job of more than two stories there are movable erecting cranes—light, medium, and heavy. On one housing construction job where seven- and eight-story buildings were being erected, we counted fourteen large movable cranes, all capable of completing a twelve-story apartment house.

Moscow's exhibit of industrial products shows advances in every conceivable technique, including optics, electronics, automation, and atomics. The exhibit includes an atomic reactor at work. On days when the weather is good, from 50,000 to 100,000 people visit the Industrial Exhibit and the adjacent Agricultural Exhibit.

Khrushchev emphasized these changes and improvements in his speech at the opening of the 40th Anniversary Celebration of the 1917 Revolution: "As against 1913, gross industrial output in the USSR has increased 33 fold; output of means of production having increased 74 fold. . . . Almost two decades out of the forty years of Soviet rule were taken up by the wars imposed upon us and by subsequent economic rehabilitation. Hence the powerful progress made in Soviet industry in practice took 20 to 22 years, and not 40." It took the United States, Germany, and Britain from 80 to 150 years to achieve a 30 fold increase in industrial production, Khrushchev said. In absolute volume the Soviet Union long ago outstripped the most advanced capitalist countries in Western Europe. In per capita output, the Soviet Union would soon be ahead of the United States.

Khrushchev then reported on the advances in agriculture during recent years, and on the extensive plans which have been worked out for improvement in the quality and increases in the quantity of Soviet agriculture.

"One of the major gains of socialism," said Khrushchev, "is the cultural revolution which has brought our country up to one of the leading places in the world as regards science and technology." On this point there can be no question. In elementary and middle schools, in institutes and universities, in libraries and the publication of printed matter, the changes of the past two decades are little short of miraculous. All of the scientific, technological, research, and educational institutions we visited were doing interesting, important pioneer work.

Anyone with the capacity and inclination can get a free edu-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

cation in the Soviet Union. At the higher levels, in addition to free tuition, students who show promise can get scholarships which provide for the necessaries and decencies of life.

If we were asked to sum up our impressions of the Soviet Union in a few words, we would say: "A dynamic, planned, stable community, moving ahead with purpose and confidence."

Impermanent or Permanent?

United States policy makers have spent forty years trying to decide whether the new world, which is growing with such spectacular rapidity in Eurasia, is impermanent or permanent. Current State Department thinking leans strongly toward impermanence, on the assumption that the Communist segment of the globe will collapse from internal weakness or fall a prey to subsidized counter-revolution.

Soviet Union policy makers began their diplomatic careers in 1917, convinced of the impermanence of capitalism as an economic system and of its political projection—financial imperialism. Current Soviet thinking is exemplified in the long interview between Nikita Khrushchev and James Reston of the *New York Times* on October 7, 1957, when Mr. Khrushchev proposed peaceful coexistence, an understanding between the two best-armed powers, and world control of satellites and missiles.

Historical forces are supporting the assumption that the new world of socialist construction is permanent. While developments in the Middle East and North Africa have weakened the hold of the West on these areas, and the quarrel over Sahara oil and the end of the United States economic boom have weakened the West, rapid Soviet advances in science and technology, culminating in the launching of the first earth satellite by Soviet scientists and engineers on October 4, 1957, seem to have ruled out Washington's "impermanent rather than permanent" formula and justified the numerous proposals from Moscow, and latterly from Peking, for peaceful coexistence.

Mass media are all too easily utilized by irresponsible individuals or groups to fan the mass emotions that supersede rational analysis. Fear and hatred may be necessary to sustain a nation fighting far-off battles, but they are not emotions that can continue to be controlled. Just how far we have already lost control is suggested by the shocking extent to which the appeal to hatred has become commercially and legislatively profitable in America.

—American Friends Service Committee, *Speak Truth To Power.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE SOCIALIST UNITY FORUM

presents

A PROGRAM OF SOCIALIST STUDIES

Winter Session 1958

at

ADELPHI HALL

74 Fifth Avenue, N.Y.C. (near 14th St.)

A PHILOSOPHY FOR SOCIALISTS*

Dr. Barrows Dunham
Dr. Corliss Lamont

Personal Ethics • Social Ethics • Socialist Ethics (Dunham) • What is Humanism? • Reason, Science and Civil Liberties • Humanism, Democracy and Socialism (Lamont)

TUESDAYS (beginning FEB. 11) 6:45-8:15 p.m.

A SOCIALIST LOOKS AT THE AMERICAN ECONOMY**

Dr. Otto Nathan

Booms and Depressions • Prices, Wages and Inflation • International Trade and Imperialism • Trade Unionism • Concentration of Industry • A Socialist Economic Platform for the U.S.

TUESDAYS (beginning FEB. 11) 8:30-10:00 p.m.

CHINA AND INDIA*

Kumar Goshal

A comparative study of the past and present of the two giant Asian countries, their type of development and their impact on the Asian-African and the Western worlds.

WEDNESDAYS (beginning FEB. 12) 6:45-8:15 p.m.

SCIENCE AND MODERN LIFE*

Irving Adler
Dr. Chandler Davis
Dr. Vernon King

Exploring Space with Telescopes and Sputniks (Adler) • On the Origin of Life (Adler) • New Realms in Chemistry (King) • What Problems Mathematicians Solve (Davis: two lectures) • Science and Society (Adler)

WEDNESDAYS (beginning FEB. 12) 8:30-10:00 p.m.

THE CONTEMPORARY NOVEL—ENGLISH AND AMERICAN**

Dr. Annette T. Rubinstein

A discussion of Defoe, Mark Twain, Dreiser, Joyce, Faulkner, Huxley, Hemingway, Wolfe, McCullers and many others • Origin of the Novel • Writers in a Disintegrating Society • Impact of World War I • Effects of the Great Depression • Novels of World War II

THURSDAYS (beginning FEB. 13) 6:45-8:15 p.m.

STATE AND SOCIETY*

Dr. Stanley W. Moore

Theories on the State: Marxian and Non-Marxian • Democracy and Classes • Controversies on Socialist Transition After World War I • Current Debates • Lenin, Stalin, Trotsky • The State in Russia

THURSDAYS (beginning FEB. 13) 8:30-10:00 p.m.

*Six lecture course $7.50; **Eight Lecture Course $10.00; Single Lecture $1.50.

Twenty percent reduction for couples, or for registrants in two courses.

Special rates for Students.

Advance registration may be made by check or money order to Socialist Unity Forum, % Adelphi Hall at address above.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

(*continued from inside front cover*)

out of five subscribers joins the Associates. If you are one of the other four, can't we persuade you to join too? Or if you buy MR on the newsstands and for one reason or another prefer not to become either a subscriber or an Associate, may we remind you that the cost of the magazine at the present time is about $8 per year per reader, which is the minimum Associates' contribution, and that we are completely dependent on the voluntary contributions of our readers to make up the difference between the cost and the price? If you believe that MR is a worthwhile publication, we urge you in all seriousness to assume your share of the responsibility for its continued existence.

Books of all publishers grow more and more expensive, and those of MR Press are, alas, no exception. But we try to soften the blow by attractive pre-publication offers which save both you and us money. Thus both of the books which we will publish in March (Forman and Sachs, *The South African Treason Trial,* and Zilliacus, *A New Birth of Freedom?*) can still be bought at $3 as against their post-publication price of $5. The chances are that you are going to want one or both of these books. Why not *save* $2 and receive them *before* they are released to the general public?

It is a pleasure to be able to announce that the first printing of Paul Baran's *The Political Economy of Growth* is now nearing exhaustion and that we have ordered a second printing.

We have been asked to announce for the benefit of our Boston area readers that a Weekend Conference on "The Riddle of Coexistence" will be held at the Shady Hill School in Cambridge on February 14 and 15. An intensive program of lectures, panels, and group discussions will feature Prof. Rupert Emerson of Harvard, Prof. Owen Lattimore of Johns Hopkins, Prof. Frederick Schuman of Williams, and Mr. James Warburg, well-known writer in the field of international affairs. A fee of $3 (students $1.50) is being charged, and advance registration is required. For all particulars, apply to The American Friends Service Committee, P. O. Box 247, Cambridge 38, Mass. (telephone: UNiversity 4-3150). We would like to add our enthusiastic recommendation of this excellent project; it is another example of the important work for peace which is being carried on by the Friends Service Committee, New England Region, under the able direction of Russell Johnson.

On January 15 at a meeting sponsored by Monthly Review Associates, Paul Sweezy gave a report on his recent trip to Europe (see p. 328 of this issue for the text) before an overflow audience of close to 300 at the Heywood Broun Room in the headquarters of the American Newspaper Guild, New York City. The next Associates meeting will feature Scott Nearing on "People's China" and Corliss Lamont on "The Right to Travel." For details, see the box immediately below.

MR Associates invites you to hear

Scott Nearing—PEOPLE'S CHINA
Corliss Lamont—THE RIGHT TO TRAVEL

Time: Wednesday, February 26, 8:30 P.M.
Place: Academy Hall, 853 Bdwy (near 14th St.) N. Y.
Admission: $1 in advance . . . $1.25 at the door . . .
Associates, free

Send for tickets to MR Associates, 66 Barrow St., New York 14, N. Y.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

A reporter's exciting account of the Spanish people's heroic battles for freedom yesterday and today—with a hard look at tomorrow . . .

SPAIN'S STRUGGLE FOR FREEDOM

by LAWRENCE FERNSWORTH

Veteran foreign correspondent no longer reporting for the N. Y. Times because he refused to compromise the truth.

What do you really know about Spain? What are the roots of Spanish democracy and what of the future?

Mr. Fernsworth, in his news reports, forecast the Spanish civil war more than a year before it broke out, and predicted this war would be the prelude to a World War, though few were inclined to believe it. He has now written a gripping story of the ups and downs of Spanish freedom. There are 22 illuminating chapters covering a span of 1500 years, but concentrating on the turbulent decade in which the author lived in Spain.

Spain's Struggle is an excellently written, timely work, brilliantly combining research, analysis, and first-hand experience.

384 *pages; bibliography; index;* $6.00

Autographed copies sent, if requested.

WELLINGTON'S 346 Concord Ave. Belmont 78, Mass.

Special Combination Offer—Save $1.75

SPAIN'S STRUGGLE FOR FREEDOM plus

MY MISSION TO SPAIN by Claude G. Bowers

(The fine 450-page book by our Ambassador 1933-39, published in 1954 by Simon & Schuster at $6.00)

Both for only $7.25

Wellington's, Dept. 3

346 Concord Ave., Belmont 78, Mass.

Please send me the books indicated. Enclosed is $.....

☐ Spain's Struggle for Freedom. $6.00

☐ My Mission to Spain & Spain's Struggle. Both for $7.25

(Books sent postpaid if remittance accompanies order)

Name .....

Address .....

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED